Reconciliation of Banks

2041. SHRI SANATAN BISI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Bank employees have to reconcile their accounts and balance their books everyday before going home;

(b) whether it is also a fact that at present some banks have not reconciled their accounts for months and in some cases for years; and

(c) if so, the manner in which Government propose to curb the indiscipline?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) RBI has reported that as per the laid down systems and procedures of banking as well as internal operational manuals of banks, various activities of banking are to be entered into the books and reconciled as per the periodicity specified in the manuals. While cash has to be balanced and reconciled before the closing, inward clearing and outward clearing of instruments and the day book are to be balanced the same day. This is generally done. There are some other activities like balancing of savings bank books, current account ledgers, etc. at slightly longer intervals.

(b) As reported by RBI the reconciliation of inter-branch accounts is in arrears due to various reasons such as non-response or delayed from the counterpart branch/bank or loss of advice in postal transit or wrong response as to the the name of the branch and party or head of account etc.

(c) The large arrears in the reconciliation of inter-branch accounts has been a cause for concern and banks have been advised by RBI from time to time to take various steps for speedy reconciliation of old and outstanding entries. Reserve Bank of India has been closely monitoring the progress of bringing down the arrears in the reconciliation of inter branch accounts of the banks. There has been an appreciable improvement during recent years in this area. Reserve Bank has advised banks to make 100 per cent provision for net debit position in their inter branch accounts, arising out of the unreconciled entries (both debits and credits) outstanding for more than three years beginning from the Accounting year 1998-99.